

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Joey Manahan, Chair; Brandon J. C. Elefante, Vice Chair;
Ikaika Anderson, Kymberly Marcos Pine

Committee Meeting Held
April 5, 2017

Honorable Ron Menor
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Bill 10 (2017) entitled:

"A BILL FOR AN ORDINANCE TO AMEND CHAPTER 41, ARTICLE 17 OF THE
REVISED ORDINANCES OF HONOLULU, 1990, RELATING TO MOTOR
VEHICLE WEIGHT TAX,"

transmitted by Communication D-46 (2017), dated January 20, 2017, from the
Department of Budget and Fiscal Services, which passed first reading at the
February 22, 2017 Council meeting, reports as follows:

The purpose of the Bill is to increase the motor vehicle weight tax.

The Director of the Department of Budget and Fiscal Services, Nelson Koyanagi, testified in support of the Bill. He stated that 2010 and 2011 was the last time the motor vehicle weight tax was increased by 1 cent per pound per-year, respectively. According to Director Koyanagi the motor vehicle weight tax is the major source of revenue for the City's highway fund. The other sources of revenue include the fuel tax and the franchise tax, which have remained relatively flat in the past years. As a result, it is the department's position that the increase in the tax rate is needed in order to cover the year-to-year expenditures taken from the fund.

The highway fund is currently used for the design, construction, repair and maintenance of public highways, street-lights, and bike lanes. The highway fund is also

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

APR 26 2017

COMMITTEE REPORT NO.

120

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used to subsidize a part of the City's public transit services including TheBus and TheHandi-Van.

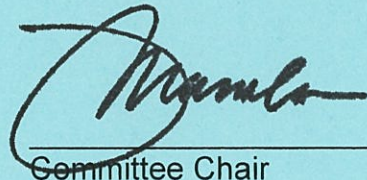
Your Committee received testimony from 2 individuals offering comments on the Bill.

Your Committee considered the posted, proposed CD1 version of the Bill and after discussion, approved the CD1 that makes the following amendments:

- A. Revises Section 4 of the Bill to change the effective date to January 1, 2018.
- B. Makes technical and nonsubstantive changes.

Your Committee on Budget is in accord with the intent and purpose of Bill 10 (2017), as amended herein, and recommends that it pass second reading, be scheduled for a public hearing, and be referred back to Committee in the form attached hereto as Bill 10 (2017), CD1. (Ayes: Manahan – 1; Ayes with reservations: Anderson, Pine – 2; Noes: None; Excused: Elefante – 1.)

Respectfully submitted,



Committee Chair

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CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON APR 26 2017

COMMITTEE REPORT NO. 120



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **10 (2017), CD1**

A BILL FOR AN ORDINANCE

A BILL FOR AN ORDINANCE TO AMEND CHAPTER 41, ARTICLE 17 OF THE REVISED ORDINANCES OF HONOLULU, 1990, RELATING TO MOTOR VEHICLE WEIGHT TAX.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to increase the motor vehicle weight tax.

SECTION 2. Section 41-17.1, Revised Ordinances of Honolulu 1990, is hereby amended to read as follows:

"Sec. 41-17.1 Vehicle weight tax.

- (a) The rate and the minimum tax at which all vehicles and motor vehicles shall be taxed as provided by HRS Section 249-2, as amended, shall be as provided in subsections (b), (c), (d) and (e).
- (b) Motor Vehicles Designed Primarily for the Purpose of Carrying Passengers. The rate for motor vehicles designed primarily for carrying passengers shall be:

Cents per pound of vehicle

net weight

[4.0

5.0

6.0

7.0

Effective date

January 1, 2010

January 1, 2011

January 1, 2018

January 1, 2019

This category shall include, but is not limited to, motor vehicles primarily designed to carry passengers, buses, ambulances and hearses.



A BILL FOR AN ORDINANCE

- (c) (1) Trucks or Noncommercial Motor Vehicles Having a Net Weight of 6,500 Pounds or Less. The rate for trucks and noncommercial motor vehicles having a net weight of 6,500 pounds or less and which are not being operated for compensation or commercial purposes shall be:

Cents per pound of vehicle

net weight

~~4.0~~

5.0

6.0

7.0

Effective date

~~January 1, 2010~~

~~January 1, 2011~~

January 1, 2018

January 1, 2019

The owner of such truck or noncommercial motor vehicle who desires to have such vehicle taxed at the rate provided in this subdivision shall comply with the requirements in subdivision (2).

- (2) For original registration under this category, the owner shall:
- (A) File an application with the director of finance for registration of a noncommercial motor vehicle;
 - (B) Register the vehicle under an individual's name, or if the vehicle is leased, provide proof that the vehicle is leased to an individual and not to a company; and
 - (C) Pay the applicable weight tax and registration fees.

When the vehicle is currently registered as a commercial vehicle and the owner wishes to reclassify the vehicle under this category, the owner shall, in addition to the above, also surrender the vehicle's current certificate of registration and license plates.



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ORDINANCE _____

BILL 10 (2017), CD1

A BILL FOR AN ORDINANCE

When the owner has complied with the foregoing requirements, and has paid the applicable fees, the director of finance shall issue a set of passenger vehicle license plates, emblem and a new certificate of registration.

- (d) Trucks or Commercial Vehicles. The rate for trucks, commercial vehicles and other vehicles designed for carrying property or for purposes other than the carrying of passengers shall be:

Cents per pound of vehicle

net weight

~~4.5~~

~~5.5~~

6.5

7.5

Effective date

~~January 1, 2010~~

~~January 1, 2011~~

January 1, 2018

January 1, 2019

This category shall include, but is not limited to, trucks, truck tractors and road tractors, trailers and semi-trailers; provided, that trucks and noncommercial vehicles that qualify under subsection (c) are exempted from this category.

- (e) Minimum Tax. The minimum tax assessed and collected by reason of this section shall in no case be less than \$12.00."

SECTION 3. Ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken or the underscoring.



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ORDINANCE _____

BILL 10 (2017), CD1

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance takes effect on January 1, 2018.

INTRODUCED BY:

Ron Menor (br)

DATE OF INTRODUCTION:

February 1, 2017

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

KIRK CALDWELL, Mayor
City and County of Honolulu